



Manual of Administrative Procedures

MAP 22-3

September 10, 2007

Risk Assessment Procedures for the Determination of Pre-award Audits for Consultant Contracts

Document history

Every cost proposal will be examined by the Contracting and Procurement Unit of The Office of Program Delivery and Consultant Design. The cost proposal will be initially investigated to determine how closely the information presented aligns with records maintained in OPD for each of the following:

Adequacy of Accounting System – Each firm's accounting system will be evaluated for adequacy based on audit reports from the previous 12 month period. If all firms are found to have adequate accounting systems, there will be a no risk determination for this element. If any firm is found to have an inadequate or conditional accounting system or there is no information for the previous 12 month period, then further risk evaluation and scoring will be done as outlined below.

Overhead Rates – Each firm's overhead rate will be compared with that firm's current approved overhead rate based on their yearly CPA audit. If all firms are found to be using their current approved overhead rate, there will be a no risk determination for this element. If any firm is found to have an overhead rate that does not match the approved rate, that firm will be contacted to make adjustments to the cost proposal. If any firm is found to not have a current approved rate, that firm will not be allowed to be a part of the contract.

Labor Rates – Each firm's proposed labor rates will be compared to certified rates on file. If there are no rates available for the previous 6 months, new rates will be requested for that firm.

Direct Costs – Each firm's proposed direct costs will be examined to determine if the cost is allowable. If no potential problems are found, there will be a no risk determination for this element. If potential problems such as internal copying charges or computer charges are found, then further risk evaluation and scoring will be done as outlined below.

Upon completion of the initial investigation, a risk assessment scoring will be assigned based on the accounting system and direct cost issues identified above as well as the cost for each of the identified issues.

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